

BURLINGTON COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

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Burlington Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2007 Election)		
Tom Greene	President	2008
Linda Garwood	Vice-President	2009
Tracy Ekman	Board Member (Resigned)	2007
Joe Poisel	Board Member (Appointed)	2007
Scott Smith	Board Member	2007
Melanie Richardson	Board Member	2008
Donald Harter	Board Member	2009
Dennis Kuster	Board Member	2009
Board of Education (After September 2007 Election)		
Tom Greene	President	2008
Dennis Kuster	Vice-President	2009
Gary Imthurn	Board Member	2010
Scott Smith	Board Member	2010
Melanie Richardson	Board Member	2008
Donald Harter	Board Member	2009
Linda Garwood	Board Member	2009
School Officials		
Lee Morrison	Superintendent	2008
Chris Van Meter	District Secretary/Treasurer and Business Manager	2008
Peter Paschler	Attorney	2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Burlington Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Burlington Community School District, Burlington, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Burlington Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2009 on our consideration of the Burlington Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 15 and 35 through 36 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Burlington Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for four years ended June 30, 2007 (which none are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

January 9, 2009

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

As management of the Burlington Community School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net assets of governmental activities increased \$3,320,270. This is primarily due to the increase in net capital assets during the year and the increase in state funding as compared to the previous year.
- General revenues accounted for \$39.1 million of the government-wide revenue, or 83.48% percent of all fiscal year 2008 revenues. Program specific revenues in the form of charges for services and grants, and contributions accounted for \$7.7 million or 16.52% percent of total fiscal year 2008 revenues.
- The District had approximately \$43.5 million in expenses related to governmental activities; of which \$7.7 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$39.1 million provided for the remaining costs of these programs.

The District exceeded its published budget in three statutory budget lines – support services (\$471,652) and non-instructional expenditures (\$176,146). This was the result of shifting expenditures between statutory budget lines. The District did not exceed its total published budget.

- The General Fund had \$39.2 million in fiscal year 2008 revenues, which primarily consisted of state aid and property taxes, and \$39.4 million in expenditures. The General Fund's fund balance decreased from \$4.7 million as of June 30, 2007 to \$4.5 million as of June 30, 2008 mainly due to increases in salaries and benefits paid by the District to its employees.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) stayed the same as the previous year at approximately 11%. The State School Budget Review Committee recommends a solvency ratio of 5% - 10%.
- The District issued \$8,500,000 in revenue bonds (due during fiscal year 2009). The District's total bonded debt increased by \$6,699,681 during the current fiscal year, due mainly to a new issuance of sales tax revenue bonds. The total outstanding at the end of the fiscal year is \$20,557,713. The entire balance will be paid off during fiscal 2009.

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, operation of non-instructional services, and capital construction. The business-type activities of the District include food services, childcare services, home remodeling, automotive, and a wellness center.

The government-wide financial statements can be found on pages 16 to 17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

comparison between governmental funds and governmental activities. These reconciliations are on pages 19 and 21, respectively.

The District maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Capital Projects, both of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 18 and 20 of this report.

Proprietary funds. Proprietary funds are used to account for activities that are the same as private business activities. Proprietary funds are reported in the same manner as the government-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District has one enterprise fund: School Nutrition. The District's internal service funds (one type of proprietary fund) are the same as its governmental activities but provide more detail and additional information, such as cash flows. The District has one internal service fund: Self-funded Insurance. The basic proprietary fund financial statements can be found on pages 22 to 24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 to 34 of this report.

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

<u>Major Features of the Government-Wide and Fund Financial Statements</u>			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as instruction, administration, and building maintenance	Activities the District operates similar to private businesses such as school nutrition and childcare
Required financial statements	Statement of Net Assets	Balance Sheet	Statement of Net Assets
	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Revenue, Expenses, and Changes in Fund Net Assets Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or within specified periods after year end of the year; expenditures when goods or services are received and liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A budgetary comparison statement has been provided as required supplementary information. The required supplementary information can be found on page 35 to 36 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$49.2 million as of June 30, 2008.

A large portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The government-wide statements also include \$25.0 million in long-term liabilities (see Note 5 on page 32-33); including revenue bonds, QZAB bonds, early retirement and compensated absences.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2008 (in thousands).

	Government Activities		Business - Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Current assets	\$ 39,471	42,185	75	63	39,546	42,248
Capital assets, net	40,975	51,009	138	118	41,113	51,127
Total assets	80,446	93,194	213	181	80,659	93,375
Current liabilities	16,476	18,930	59	80	16,535	19,010
Long-term liabilities	18,045	25,019	—	—	18,045	25,019
Total liabilities	34,521	43,949	59	80	34,580	44,029
Net assets:						
Invested in capital assets, net of related debt	35,348	36,295	138	118	35,486	36,413
Restricted	9,132	12,242	—	—	9,132	12,242
Unrestricted	1,445	708	16	(17)	1,461	691
Total net assets	\$ 45,925	49,245	154	101	46,079	49,346

The following are significant current year transactions that have had an impact on the Statement of Net Assets:

The additions (net of deletions) of \$10,034,975 in capital assets through capital construction, other school improvements, and purchases of furniture, equipment and vehicles were capitalized during the year.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2008 were \$48.4 million. The total cost of all programs and services was \$45.1 million. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2008 (in thousands).

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

Revenues:	2007	2008	2007	2008	2007	2008
Program revenues:						
Charges for services	\$ 1,424	1,346	558	542	1,982	1,888
Operating grants and contributions	5,528	6,393	1,028	1,021	6,556	7,414
Capital grants and contributions	10	—	—	—	10	—
General revenues:						
Property taxes	12,224	12,055	—	—	12,224	12,055
Sales tax, capital projects	4,130	4,409	—	—	4,130	4,409
Unrestricted investment earnings	631	1,095	—	—	631	1,095
Unrestricted state grants	19,969	21,268	—	—	19,969	21,268
Other	1,585	265	3	2	1,588	267
Total revenues	45,501	46,831	1,589	1,565	47,090	48,396
Expenses:						
Instructional	27,839	28,877	—	—	27,839	28,877
Support services:						
Student services	1,260	1,557	—	—	1,260	1,557
Instructional staff services	989	976	—	—	989	976
Administration services	4,308	4,297	25	25	4,333	4,322
Operation and maintenance of plant services	2,845	3,036	9	3	2,854	3,039
Transportation services	943	1,056	—	—	943	1,056
Non-instructional programs	134	133	1,534	1,590	1,668	1,723
Other expenditures:						
Facilities acquisitions	813	454	—	—	813	454
Long-term debt interest	199	658	—	—	199	658
AEA flowthrough	1,482	1,570	—	—	1,482	1,570
Depreciation(unallocated)	894	897	—	—	894	897
Total expenses	41,706	43,511	1,568	1,618	43,274	45,129
Change in net assets	3,795	3,320	21	(53)	3,816	3,267
Beginning net assets	42,130	45,925	133	154	42,263	46,079
Ending net assets	\$ 45,925	49,245	154	101	46,079	49,346

Governmental Activities

Unrestricted state grants, property taxes, and sales tax are the primary sources of revenue for the District. Sales tax revenue was \$380,207 more than the estimate established by the District. Revenues and expenditures were on target with projections with adjustments per known changes during in the year.

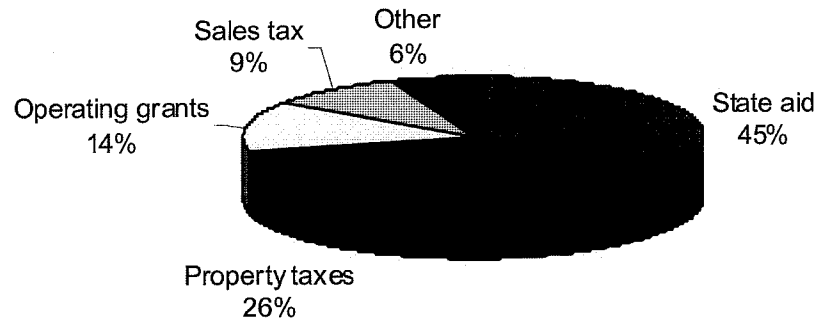
Instruction constitutes the largest portion of expenditures at \$28.9 million or 66%. The District offers a wide array of programs including general education, special education, vocational and college preparatory classes. The purely administrative activities of the District accounted for 10% of total costs. Over 80% of the District's expenditures are salaries and benefits.

BURLINGTON COMMUNITY SCHOOL DISTRICT

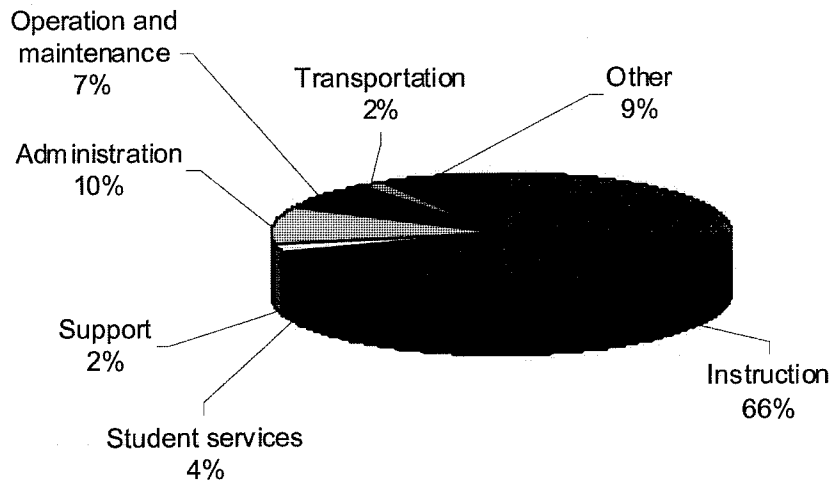
Management's Discussion and Analysis

June 30, 2008

Revenue - Governmental Activities



Expenses - Governmental Activities



BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

The following table presents the cost of the District's functional activities (in thousands). The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	Total Expenses		% Change	Net (Expense) Revenue		% Change
	2007	2008		2007	2008	
Instructional	\$ 27,839	28,877	3.73%	(22,466)	(22,735)	1.20%
Support services:						
Student services	1,260	1,557	23.57%	(1,260)	(1,557)	23.57%
Instructional staff services	989	976	-1.31%	(989)	(976)	-1.31%
Administration services	4,308	4,297	-0.26%	(4,306)	(4,297)	-0.21%
Operation and maintenance	2,845	3,036	6.71%	(2,845)	(3,036)	6.71%
Transportation services	943	1,056	11.98%	(898)	(1,029)	14.59%
Non-instructional programs	134	133	-0.75%	(85)	(133)	56.47%
Other expenditures:						
Facilities acquisitions	813	454	-44.16%	(803)	(454)	-43.46%
Long-term debt interest	199	658	230.65%	(199)	(658)	230.65%
AEA flowthrough	1,482	1,570	5.94%	—	—	—
Depreciation(unallocated)	894	897	0.34%	(894)	(897)	0.34%
Total expenses	\$ 41,706	43,511	4.33%	(34,745)	(35,772)	2.96%

- The cost of all governmental activities this year was \$43.5 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$6.4 million.
- Net cost of governmental activities (\$35.8 million) was financed by general revenues, which are made up of primarily property and sales tax (\$16.5 million) and state aid (\$21.0 million). Investment earnings, gain on sale of property and miscellaneous sources accounted for \$1.3 million.

Business-type Activities

Revenues of the District's business-type activities were \$1,565,113 and expenses were \$1,618,200. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and sale of equipment.

The School Nutrition primary expenses are staff, food and commodities. The District's free and reduced participation increased during fiscal year, again due the employment climate of the District. The School Nutrition fund had a decrease in net assets of \$53,087 for fiscal year 2008.

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$228,252. The General Fund balance is reserved or designated to indicate that it is not available for spending because it has already been committed as follows:

- \$34,497 for Talented and Gifted Carryover
- \$5,841 for Beginning Teacher Mentoring Program
- \$15,389 for Salary Improvement Program
- \$8,605 for Additional Teacher Contract Day
- \$44,820 for Additional Salary, Professional Development
- \$1,960 for Beginning Administrator Mentoring Program
- \$9,612 for Market Factor Incentives
- \$41,654 for State-wide Voluntary Preschool Program

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and other governmental funds are not presented in the budgetary comparison on pages 35 and 36.

Legal Budgetary Highlights

The District's total actual receipts were \$2,184,889 more than the total budgeted receipts, a variance of 4.73% for the reasons noted above.

Total expenditures were approximately \$1.4 million less than total budgeted expenditures, a variance of 2.45%. Because of uncertainty with mandated changes by Department of Education, the budget was increased in certain areas, but not reduced in other areas.

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2008, the District had invested \$51.1 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$11,288,719 from last year, primarily due to the construction and renovation projects in the District's ten-year construction plan. Currently the District has construction taking place at the North Hill and Oak Street school buildings. Total depreciation expense for the year was \$1,635,676.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2008 (in thousands).

	Governmental Activities		Business-type Activities		Total		%
	2007	2008	2007	2008	2007	2008	Change
Land and improvements	\$ 2,884	2,890	—	—	2,884	2,890	0.21%
Buildings and improvements	33,466	32,593	—	—	33,466	32,593	-2.61%
Vehicles, furniture and equipment	2,786	2,726	138	118	2,924	2,844	-2.74%
Construction in progress	1,839	12,801	—	—	1,839	12,801	596.08%
Total	\$ 40,975	51,010	138	118	41,113	51,128	24.36%

Additional information on the District's capital assets can be found in Note 4 on page 31 to 32 of this report.

Debt Administration. At year-end, the District had \$25,018,944 in other long-term debt outstanding, of which \$21,328,363 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2008.

	Amount		%
	2007	2008	Change
Revenue Bonds	\$ 13,190,032	19,889,713	50.8%
Quality Zone Academy Bonds	668,000	668,000	0.0%
Early Retirement	4,053,576	4,306,287	6.2%
Compensated Absences	133,547	154,944	16.0%
Total	\$ 18,045,155	25,018,944	38.6%

State statutes currently limit the amount of general obligation debt a district may issue to 5% of its total assessed valuation. The current debt limitation for the District is \$38,443,448 which is more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 5 on page 32 to 33 of this report.

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2008

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of an existing circumstance that could affect its financial health in the future:

- On December 18, 2009, Governor Culver announced a 1.5% reduction in state general fund appropriations. This reduces revenues to the Burlington School District for the 2008-2009 fiscal year by approximately \$340,000.
- The 2008 General Assembly established allowable growth at 4% for school districts for the 2009-2010 fiscal year. This results in additional revenue for the Burlington School District of \$676,000. However, the state is facing a \$500-\$700 million short fall for the 2009-2010 fiscal year. It is possible that the allowable growth figure may be adjusted downward resulting in less new revenue for the District.
- The District is replacing \$18.5 million of Bond Anticipation Notes (BANs) with revenue bonds in 2009. In addition, the District will issue an additional \$18 million in BANs to finance construction of a new middle school.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Office, Burlington Community School District, 1429 West Avenue, Burlington, Iowa 52601.

BASIC FINANCIAL STATEMENTS

BURLINGTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 27,892,474	570	27,893,044
Receivables:			
Property tax:			
Delinquent	244,663	0	244,663
Succeeding year	12,404,116	0	12,404,116
Accounts	38,651	0	38,651
Due from other governments	1,604,350	3,738	1,608,088
Inventories	0	58,542	58,542
Capital assets, net of accumulated depreciation (Note 4)	51,009,668	117,917	51,127,585
TOTAL ASSETS	93,193,922	180,767	93,374,689
LIABILITIES			
Accounts payable	2,031,068	25,444	2,056,512
Retainage payable	518,653	0	518,653
Accrued interest payable	131,391	0	131,391
Salaries and benefits payable	3,844,603	36,195	3,880,798
Deferred revenue:			
Succeeding year property tax	12,404,116	0	12,404,116
Unearned revenue	0	17,948	17,948
Long-term liabilities (Note 5):			
Portion due within one year:			
Revenue bonds payable	19,889,713	0	19,889,713
QZAB bonds payable	668,000	0	668,000
Early retirement payable	615,706	0	615,706
Compensated absences payable	154,944	0	154,944
Portion due after one year:			
Early retirement payable	3,690,581	0	3,690,581
TOTAL LIABILITIES	43,948,775	79,587	44,028,362
NET ASSETS			
Invested in capital assets, net of related debt	36,295,313	117,917	36,413,230
Restricted for:			
Talented and gifted	34,497	0	34,497
Beginning teacher mentoring program	5,841	0	5,841
Salary improvement program	15,389	0	15,389
Additional teacher contract day	8,605	0	8,605
Additional salary, professional development	44,820	0	44,820
Beginning administrator mentoring program	1,960	0	1,960
Market factor incentives	9,612	0	9,612
State-wide voluntary preschool	41,654	0	41,654
Debt service	1,456,251	0	1,456,251
Capital projects	9,753,794	0	9,753,794
Physical plant and equipment levy	149,506	0	149,506
Other special revenue purposes	719,599	0	719,599
Unrestricted	708,306	(16,737)	691,569
TOTAL NET ASSETS	\$ 49,245,147	101,180	49,346,327

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 18,248,649	428,124	4,480,518	(13,340,007)	0	(13,340,007)
Special instruction	6,863,234	422,882	262,430	(6,177,922)	0	(6,177,922)
Other instruction	3,764,738	492,336	56,525	(3,215,877)	0	(3,215,877)
	28,876,621	1,343,342	4,799,473	(22,733,806)	0	(22,733,806)
Support services:						
Student services	1,556,794	0	0	(1,556,794)	0	(1,556,794)
Instructional staff services	976,213	0	0	(976,213)	0	(976,213)
Administration services	4,297,465	0	0	(4,297,465)	0	(4,297,465)
Operation and maintenance of plant services	3,035,772	0	0	(3,035,772)	0	(3,035,772)
Transportation services	1,056,458	2,149	24,140	(1,030,169)	0	(1,030,169)
	10,922,702	2,149	24,140	(10,896,413)	0	(10,896,413)
Non-instructional programs:						
Food service operations	5,431	0	0	(5,431)	0	(5,431)
Community service and education operations	11,536	0	0	(11,536)	0	(11,536)
Operation of non-instructional programs	116,524	0	0	(116,524)	0	(116,524)
	133,491	0	0	(133,491)	0	(133,491)
Other expenditures:						
Facilities acquisitions	454,123	0	0	(454,123)	0	(454,123)
Long-term debt interest	657,916	0	0	(657,916)	0	(657,916)
AEA flowthrough	1,569,795	0	1,569,795	0	0	0
Depreciation(unallocated)*	896,600	0	0	(896,600)	0	(896,600)
	3,578,434	0	1,569,795	(2,008,639)	0	(2,008,639)
Total governmental activities	43,511,248	1,345,491	6,393,408	(35,772,349)	0	(35,772,349)
Business-type activities:						
Support services:						
Administration services	25,262	0	0	0	(25,262)	(25,262)
Operation and maintenance of plant services	3,209	0	0	0	(3,209)	(3,209)
	28,471	0	0	0	(28,471)	(28,471)
Non-instructional programs:						
Nutrition services	1,589,729	541,961	1,021,412	0	(26,356)	(26,356)
Total business-type activities	1,618,200	541,961	1,021,412	0	(54,827)	(54,827)
Total	\$ 45,129,448	1,887,452	7,414,820	(35,772,349)	(54,827)	(35,827,176)
General Revenues:						
Local tax:						
General purposes				\$ 11,283,763	0	11,283,763
Capital outlay				770,917	0	770,917
Local option sales and services tax				4,409,029	0	4,409,029
Unrestricted state grants				21,268,493	0	21,268,493
Unrestricted investment earnings				1,094,955	1,740	1,096,695
Gain on sale of assets				759	0	759
Other				264,703	0	264,703
Total general revenues				39,092,619	1,740	39,094,359
Changes in net assets				3,320,270	(53,087)	3,267,183
Net assets beginning of year				45,924,877	154,267	46,079,144
Net assets end of year				\$ 49,245,147	101,180	49,346,327

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
Assets					
Cash and pooled investments	\$ 7,715,936	17,652,115	668,000	1,405,736	27,441,787
Receivables:					
Property tax					
Delinquent	212,228	0	0	32,435	244,663
Succeeding year	10,653,297	0	0	1,750,819	12,404,116
Accounts	8,433	27,734	0	2,484	38,651
Due from other governments	959,886	644,464	0	0	1,604,350
Total assets	\$ 19,549,780	18,324,313	668,000	3,191,474	41,733,567
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 574,902	1,420,257	0	35,909	2,031,068
Retainage payable	0	518,653	0	0	518,653
Salaries and benefits payable	3,844,603	0	0	0	3,844,603
Deferred revenue:					
Succeeding year property tax	10,653,297	0	0	1,750,819	12,404,116
Total liabilities	15,072,802	1,938,910	0	1,786,728	18,798,440
Fund balances:					
Reserved for:					
Talented and gifted	34,497	0	0	0	34,497
Beginning teacher mentoring program	5,841	0	0	0	5,841
Salary improvement program	15,389	0	0	0	15,389
Additional teacher contract day	8,605	0	0	0	8,605
Additional salary, professional development	44,820	0	0	0	44,820
Beginning administrator mentoring program	1,960	0	0	0	1,960
Market factor incentives	9,612	0	0	0	9,612
State-wide voluntary preschool	41,654	0	0	0	41,654
Debt service	0	788,251	668,000	0	1,456,251
Capital facility construction	0	5,843,358	0	0	5,843,358
Unreserved:					
Undesignated:					
General	4,314,600	0	0	0	4,314,600
Capital projects	0	9,753,794	0	0	9,753,794
Management levy	0	0	0	535,641	535,641
Physical plant and equipment levy	0	0	0	149,506	149,506
Other special revenue purposes	0	0	0	719,599	719,599
Total fund balances	4,476,978	16,385,403	668,000	1,404,746	22,935,127
Total liabilities and fund balances	\$ 19,549,780	18,324,313	668,000	3,191,474	41,733,567

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balances of governmental funds (page 18) \$ 22,935,127

***Amounts reported for governmental activities in the
statement of net assets are different because:***

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported as
assets in in the governmental funds. 51,009,668

Blending of the Internal Service Fund to be reflected
at an entity-wide basis. 450,687

Accrued interest payable on long-term liabilities is not
due and payable in the current period and, therefore, is
not reported as a liability in the governmental funds. (131,391)

Long-term liabilities, including revenue bonds payable,
QZAB bonds payable, early retirement payable and
compensated absences, are not due and payable in the
current period and, therefore, are not as reported
liabilities in the governmental funds. (25,018,944)

Net assets of governmental activites (page 16) \$ 49,245,147

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 10,430,760	4,409,029	0	1,623,920	16,463,709
Tuition	756,547	0	0	0	756,547
Other	464,443	845,406	0	735,741	2,045,590
State sources	25,539,865	0	0	1,649	25,541,514
Federal sources	2,023,399	0	0	0	2,023,399
Total revenues	39,215,014	5,254,435	0	2,361,310	46,830,759
Expenditures:					
Current:					
Instruction:					
Regular instruction	17,276,695	0	0	592,820	17,869,515
Special instruction	6,863,234	0	0	0	6,863,234
Other instruction	3,272,308	0	0	499,267	3,771,575
	27,412,237	0	0	1,092,087	28,504,324
Support services:					
Student services	1,548,116	0	0	7,168	1,555,284
Instructional staff services	972,415	0	0	3,798	976,213
Administration services	4,123,009	0	0	130,980	4,253,989
Operation and maintenance of plant services	2,932,955	0	0	135,270	3,068,225
Transportation services	885,321	0	0	204,064	1,089,385
	10,461,816	0	0	481,280	10,943,096
Non-instructional programs:					
Food service operations	0	0	0	5,431	5,431
Community service and education operations	11,536	0	0	0	11,536
Operation of non-instructional programs	0	0	0	116,524	116,524
	11,536	0	0	121,955	133,491
Other expenditures:					
Facilities acquisitions	0	10,993,334	0	462,939	11,456,273
Long-term debt:					
Principal	0	0	1,800,319	0	1,800,319
Interest and fiscal charges	0	0	547,319	0	547,319
AEA flowthrough	1,569,795	0	0	0	1,569,795
	1,569,795	10,993,334	2,347,638	462,939	15,373,706
Total expenditures	39,455,384	10,993,334	2,347,638	2,158,261	54,954,617
Excess (deficiency) of revenues over (under) expenditures	(240,370)	(5,738,899)	(2,347,638)	203,049	(8,123,858)
Other financing sources (uses):					
Transfers in	0	0	2,347,638	0	2,347,638
Transfers out	0	(2,347,638)	0	0	(2,347,638)
Judgement against LEA	0	0	0	(20,000)	(20,000)
Sale of equipment	12,118	0	0	0	12,118
Issuance of revenue bonds	0	8,500,000	0	0	8,500,000
Total other financing sources (uses)	12,118	6,152,362	2,347,638	(20,000)	8,492,118
Net change in fund balances	(228,252)	413,463	0	183,049	368,260
Fund balance beginning of year	4,705,230	15,971,940	668,000	1,221,697	22,566,867
Fund balance end of year	\$ 4,476,978	16,385,403	668,000	1,404,746	22,935,127

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2008

Net change in fund balances - total governmental funds (page 20) \$ 368,260

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year are as follows:

Expenditures for capital assets	\$ 11,662,159	
Depreciation expense	(1,615,825)	
Loss on disposal of capital assets	(11,359)	10,034,975

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments as follows:

Issued	\$ (8,500,000)	
Repaid	1,800,319	(6,699,681)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	\$ (252,711)	
Compensated absences	(21,397)	(274,108)

Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis.

1,421

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

(110,597)

Changes in net assets of governmental activities (page 17)

\$ 3,320,270

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Assets		
Current assets:		
Cash and pooled investments	\$ 570	450,687
Due from other governments	3,738	0
Inventories	58,542	0
Total current assets	<u>62,850</u>	<u>450,687</u>
Non-current assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation (Note 4)	117,917	0
Total assets	<u>180,767</u>	<u>450,687</u>
Liabilities		
Current liabilities:		
Accounts payable	25,444	0
Salaries and benefits payable	36,195	0
Unearned revenue	17,948	0
Total liabilities	<u>79,587</u>	<u>0</u>
Net assets		
Investment in capital assets	117,917	0
Unrestricted	(16,737)	450,687
Total net assets	<u>\$ 101,180</u>	<u>450,687</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Operating revenues:		
Local sources:		
Charges for services	\$ 541,961	6,036,735
Operating expenses:		
Support services:		
Administration services:		
Salaries	11,446	0
Benefits	4,162	0
Services	1,948	0
Supplies	7,706	0
	25,262	0
Operation and maintenance of plant services:		
Services	3,209	0
Total support services	28,471	0
Non-instructional programs:		
Food service operations:		
Salaries	557,680	0
Benefits	122,749	0
Supplies	889,324	0
Depreciation	19,851	0
Other	125	0
	1,589,729	0
Other enterprise operations:		
Benefits	0	6,035,314
Total non-instructional programs	1,589,729	6,035,314
Total operating expenses	1,618,200	6,035,314
Operating income(loss)	(1,076,239)	1,421
Non-operating revenues:		
State sources	20,235	0
Federal sources	1,001,177	0
Interest income	1,740	0
Total non-operating revenues	1,023,152	0
Changes in net assets	(53,087)	1,421
Net assets beginning of year	154,267	449,266
Net assets end of year	\$ 101,180	450,687

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 531,055	0
Cash received from miscellaneous operating activities	12,388	6,036,735
Cash payments to employees for services	(705,028)	(6,035,314)
Cash payments to suppliers for goods or services	(829,080)	0
Net cash provided by(used in) operating activities	(990,665)	1,421
Cash flows from non-capital financing activities:		
State grants received	20,235	0
Federal grants received	929,550	0
Net cash provided by non-capital financing activities	949,785	0
Cash flows from investing activities:		
Interest on investments	1,740	0
Net increase(decrease) in cash and cash equivalents	(39,140)	1,421
Cash and cash equivalents at beginning of year	39,710	449,266
Cash and cash equivalents at end of year	\$ 570	450,687
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (1,076,239)	1,421
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	71,627	0
Depreciation	19,851	0
Increase in inventories	(22,624)	0
Increase in accounts receivable	(3,738)	0
Increase in accounts payable	24,229	0
Decrease in salaries and benefits payable	(8,991)	0
Increase in unearned revenue	5,220	0
Net cash used in operating activities	\$ (990,665)	1,421
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:		
Current assets:		
Cash and investments	\$ 570	450,687

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received Federal commodities valued at \$71,627.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

(1) Summary of Significant Accounting Policies

The Burlington Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Burlington, Iowa, and the predominate agricultural territory in Des Moines County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Burlington Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Burlington Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Des Moines County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed

from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund, Self-funded Insurance. The School Nutrition Fund is used to account for the food service operations of the District. The Self-funded Insurance Fund is used to account for employee and board contributions for health insurance premiums.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on

January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 500
Buildings	500
Land improvements	500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

Salaries and Benefits Payable - Payroll and related expenditures for the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used

to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Enterprise, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, District expenditures in the support services and non-instructional functions exceeded the budgeted amounts.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by

the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ 24,808,285

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. The certificates of deposit are classified as Category 1, which means the investments are insured and are held by the District in the District's name. Certificates are stated at fair value.

At June 30, 2008, the District had investments in Certificates of Deposit maturing over one year as follows:

	Fair Value
Certificates of Deposit	\$ 20,325

(3) Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 2,347,638

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 517,680	0	1,061	516,619
Less accumulated depreciation	379,912	19,851	1,061	398,702
Business-type activities capital assets, net	\$ 137,768	(19,851)	0	117,917

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,605,685	40,000	0	2,645,685
Construction in progress	1,839,096	10,962,150	0	12,801,246
Total capital assets not being depreciated	4,444,781	11,002,150	0	15,446,931
Capital assets being depreciated:				
Buildings	43,401,414	0	135,129	43,266,285
Land improvements	686,290	0	0	686,290
Machinery and equipment	12,776,419	660,009	238,311	13,198,117
Total capital assets being depreciated	56,864,123	660,009	373,440	57,150,692
Less accumulated depreciation for:				
Buildings	9,935,633	862,285	124,260	10,673,658
Land improvements	407,542	34,315	0	441,857
Machinery and equipment	9,991,036	719,225	237,821	10,472,440
Total accumulated depreciation	20,334,211	1,615,825	362,081	21,587,955
Total capital assets being depreciated, net	36,529,912	(955,816)	11,359	35,562,737
Governmental activities capital assets, net	\$ 40,974,693	10,046,334	11,359	51,009,668

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 407,969
Support services:	
Student	1,510
Administration	44,533
Operation and maintenance	104,575
Transportation	160,638
	<u>719,225</u>
Unallocated depreciation	896,600
Total governmental activities depreciation expense	<u>\$ 1,615,825</u>
Business-type activities:	
Food services	<u>\$ 19,851</u>

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Revenue Bonds	\$ 13,190,032	8,500,000	1,800,319	19,889,713	19,889,713
QZAB Bonds	668,000	0	0	668,000	668,000
Early Retirement	4,053,576	623,522	370,811	4,306,287	615,706
Compensated Absences	133,547	154,944	133,547	154,944	154,944
Total	\$ 18,045,155	9,278,466	2,304,677	25,018,944	21,328,363

Revenue Bonds

Details of the District's June 30, 2008 revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond Issue of March 1, 2006			Bond Issue of May 15, 2007		
	Interest Rate	Principal	Interest	Interest Rates	Principal	Interest
2009	3.30	% \$ 1,389,713	97,382	4.22	% \$ 10,000,000	211,000

Bond Issue of January 3, 2008			Total		
Interest Rates	Principal	Interest	Principal	Interest	Total
4.31	% \$ 8,500,000	366,350	\$ 19,889,713	674,732	20,564,445

Quality Zone Academy Bonds (QZAB)

During the year ended June 30, 2003, the District issued zero interest Quality Zone Academy Bonds (QZAB). Annual transfers from the Capital Projects - Local Option Sales and Service Tax fund to a debt sinking fund will be made to pay the indebtedness due April 1, 2009, of \$668,000.

Early Retirement

The District offers a voluntary early retirement plan to its full-time licensed employees and to non-licensed supervisors on the administration team who have been employed on regular contracts during the fiscal 2008 year. Eligible employees must be at least age fifty-five and have completed ten consecutive years of service to the District. Employees must complete an application which is required to be approved by the Board of Education. Employees that have District insurance benefits may continue benefits upon retirement. The District will contribute the lesser of the premium for single coverage or two percent of the employee's salary as of the last day of fiscal 2008. Coverage on the District's plan will cease upon employee nonpayment of the balance of any outstanding premiums, death of the employee or once the employee has reached the eligible age for Medicare. Early retirement benefits paid during the year ended June 30, 2008, totaled \$370,811.

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$1,387,599, \$1,248,086 and \$1,180,149 respectively, equal to the required contributions for each year.

(7) Risk Management

Burlington Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,569,795 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Construction Commitment

The District has entered into contracts totaling \$22,693,296 for construction of the North Hill and Oak Street school buildings. As of June 30, 2008, costs of \$12,801,246 had been incurred against the contracts. The balance of \$9,892,050 remaining at June 30, 2008 will be paid as work on the project progresses.

(10) Budget Overexpenditure

During the year ended June 30, 2008, District expenditures in the support services and non-instructional functions exceeded the budgeted amounts.

(11) Deficit Fund Balance

At June 30, 2008, there was a deficit unrestricted fund balance in the Enterprise, Nutrition Fund of \$16,737.

REQUIRED SUPPLEMENTARY INFORMATION

BURLINGTON COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 19,265,846	543,701	19,809,547	18,409,161	18,409,161	1,400,386
State sources	25,541,514	20,235	25,561,749	24,881,822	24,881,822	679,927
Federal sources	2,023,399	1,001,177	3,024,576	2,920,000	2,920,000	104,576
Total revenues	46,830,759	1,565,113	48,395,872	46,210,983	46,210,983	2,184,889
Expenditures:						
Instruction	28,504,324	0	28,504,324	28,150,362	28,650,362	146,038
Support services	10,943,096	28,471	10,971,567	10,249,915	10,499,915	(471,652)
Non-instructional programs	133,491	1,589,729	1,723,220	1,547,075	1,547,075	(176,145)
Other expenditures	15,373,706	0	15,373,706	17,301,852	17,301,852	1,928,146
Total expenditures	54,954,617	1,618,200	56,572,817	57,249,204	57,999,204	1,426,387
Excess(deficiency) of revenues over(under) expenditures	(8,123,858)	(53,087)	(8,176,945)	(11,038,221)	(11,788,221)	3,611,276
Other financing sources, net	8,492,118	0	8,492,118	8,545,000	8,545,000	(52,882)
Excess(deficiency) of revenues and other financing sources over(under) expenditures	368,260	(53,087)	315,173	(2,493,221)	(3,243,221)	3,558,394
Balance beginning of year	22,566,867	154,267	22,721,134	22,343,696	22,343,696	377,438
Balance end of year	\$ 22,935,127	101,180	23,036,307	19,850,475	19,100,475	3,935,832

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2008, the District adopted one budget amendment increasing budgeted expenditures by \$750,000.

During the year ended June 30, 2008, District expenditures in the support services and non-instructional functions exceeded the budgeted amounts.

OTHER SUPPLEMENTARY INFORMATION

BURLINGTON COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2008

	Nonmajor Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	Total Special Revenue Funds
Assets					
Cash and pooled investments	\$ 522,925	457,985	156,309	268,517	1,405,736
Receivables:					
Property tax					
Delinquent	17,411	0	15,024	0	32,435
Succeeding year	950,000	0	800,819	0	1,750,819
Accounts	0	2,377	0	107	2,484
Total assets	\$ 1,490,336	460,362	972,152	268,624	3,191,474
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 4,695	8,778	21,827	609	35,909
Deferred revenue:					
Succeeding year property tax	950,000	0	800,819	0	1,750,819
Total liabilities	954,695	8,778	822,646	609	1,786,728
Unreserved fund balances	535,641	451,584	149,506	268,015	1,404,746
Total liabilities and fund balances	\$ 1,490,336	460,362	972,152	268,624	3,191,474

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	Total Special Revenue Funds
Revenues:					
Local sources:					
Local tax	\$ 853,003	0	770,917	0	1,623,920
Other	59,201	503,535	454	172,551	735,741
State sources	889	0	760	0	1,649
Total revenues	913,093	503,535	772,131	172,551	2,361,310
Expenditures:					
Current:					
Instruction:					
Regular instruction	592,820	0	0	0	592,820
Other instruction	0	499,267	0	0	499,267
Support services:					
Student services	7,168	0	0	0	7,168
Instructional staff services	3,798	0	0	0	3,798
Administration services	129,563	803	0	614	130,980
Operation and maintenance of plant services	135,270	0	0	0	135,270
Transportation services	50,592	0	153,472	0	204,064
Non-instructional programs:					
Food service operations	5,431	0	0	0	5,431
Other enterprise operations	0	0	0	116,524	116,524
Other expenditures:					
Facilities acquisition	0	0	462,939	0	462,939
Total expenditures	924,642	500,070	616,411	117,138	2,158,261
Excess(deficiency) of revenues over(under) expenditures	(11,549)	3,465	155,720	55,413	203,049
Other financing uses:					
Judgement against LEA	(20,000)	0	0	0	(20,000)
Net change in fund balances	(31,549)	3,465	155,720	55,413	183,049
Fund balances beginning of year	567,190	448,119	(6,214)	212,602	1,221,697
Fund balances end of year	\$ 535,641	451,584	149,506	268,015	1,404,746

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
SYSTEM WIDE:				
BUSINESS ACCOUNTS	\$ 411	0	0	411
UNIVERSITY HIGH SCHOOL: ACTIVITY	1,569	851	1,143	1,277
SENIOR HIGH SCHOOL: ACTIVITY	5,334	9,402	5,334	9,402
DRAMA	0	6,925	6,925	0
CHORAL	0	1,353	176	1,177
PURPLE AIRES	3,271	100	0	3,371
ORCHESTRA/CHAMBER	5,458	1,064	1,372	5,150
BAND/COLOR GUARD	478	51,629	50,322	1,785
JAZZ BAND	5	0	0	5
MUSIC/DRAMA	4,601	1,610	897	5,314
MIDDLE SCHOOL ATHLETICS	8,197	13,760	11,938	10,019
FUTURE GRAYHOUND BBALL	5,097	0	0	5,097
GENERAL ATHLETICS	91,809	48,420	55,015	85,214
CHEERLEADERS	3,453	2,380	2,213	3,620
FUTURE GRAYHOUND SWIMMING	9,800	1,783	2,574	9,009
ART CLUB	5,946	6,033	3,304	8,675
KIWANIS KEY CLUB	462	3,059	1,335	2,186
PURPLE AND GRAY	275	580	855	0
PATHFINDER	24,249	30,226	30,178	24,297
OUTDOOR CLASSROOM	503	4	507	0
ECOLOGY CLUB	2,919	69	354	2,634
SADD	2,213	1,922	1,139	2,996
VARSITY CLUB	9,059	19,457	23,997	4,519
SENIOR COLOR SEL	997	0	0	997
RENAISSANCE SCHOLARSHIP	35	0	0	35
RENAISSANCE STORE	8,787	23,187	25,606	6,368
CLASS OF 2006	13	0	0	13
CLASS OF 2007	14,032	84	14,116	0
CLASS OF 2008	4,496	15,309	2,088	17,717
CLASS OF 2009	118	5,698	2,517	3,299
CLASS OF 2010	43	128	119	52
CLASS OF 2011	0	294	0	294
NATIONAL HONOR SOCIETY	295	660	652	303
STUDENT COUNCIL	14,137	28,101	18,946	23,292
HERO	1,830	2,989	2,786	2,033
IA CLUB	414	0	0	414
TECHNOLOGY STUDENT	2,150	1,818	978	2,990

BURLINGTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
SENIOR HIGH (CONTINUED):				
DECA	4,496	18,093	18,464	4,125
BPA CLUB	121	0	0	121
SELF-CONTAINED FUNDRAISER	594	0	331	263
BOYS ATHLETICS:				
BASKETBALL	32,842	16,031	11,768	37,105
FOOTBALL	29,461	33,366	31,446	31,381
SWIMMING	4,591	5,856	6,919	3,528
WRESTLING	4,529	8,806	11,641	1,694
TRACK	1,137	6,090	5,095	2,132
CROSS COUNTRY TRACK	1,436	625	1,727	334
BASEBALL	3,446	11,374	14,820	0
TENNIS	1,096	785	1,141	740
GOLF	867	975	1,353	489
SOCCER	1,082	3,951	3,432	1,601
GIRLS ATHLETICS:				
SOCCER	1,760	4,056	4,370	1,446
BASKETBALL	16,264	7,093	5,658	17,699
VOLLEYBALL	2,338	6,426	4,789	3,975
SWIMMING	7,317	3,658	5,662	5,313
SOFTBALL	1,765	11,558	13,323	0
TRACK	107	9,322	8,649	780
TENNIS	1,584	335	821	1,098
GOLF	2,385	735	520	2,600
TOTAL HIGH SCHOOL	344,360	417,777	412,838	349,299
JAMES MADISON	30,634	20,000	26,748	23,886
OAK STREET	31,961	20,392	24,664	27,689
CENTRAL AVENUE	1,528	0	0	1,528
CORSE	804	4,910	3,193	2,521
BLACK HAWK	6,788	9,277	8,000	8,065
GRIMES	11,111	6,965	4,180	13,896
NORTH HILL	1,628	1,126	2,459	295
PERKINS	730	0	0	730
SUNNYSIDE	11,261	12,835	11,511	12,585
Total	\$ 448,119	503,535	500,070	451,584

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, EXPENDABLE TRUST ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
NEEDY STUDENT	\$ 2,219	2,230	1,842	2,607
MISC CENTRAL OFFICE	3,444	0	0	3,444
MARIE WEDERTZ MUSICAL	5,235	0	0	5,235
GUEGLER TRUST	2,753	2,086	0	4,839
JOHN H WITTE FOUNDATION	81,873	40,000	0	121,873
ED FOUNDATION SP. PROGRAM	8,922	33,900	30,907	11,915
EARLY RETIREE INSURANCE	3,669	41,577	39,877	5,369
CONNER TRUST FUND	258	0	0	258
ADM BLDG POP FUND	238	331	260	309
BLACK HAWK PTA	0	5,630	5,268	362
BLACK HAWK POP FUND	0	3,365	1,609	1,756
BH BOX TOP FUND	424	1,843	0	2,267
CORSE PTA	86	0	0	86
CORSE POP FUND	3,610	359	2,692	1,277
GRIMES LANDSCAPING	22	0	0	22
GRIMES TEACER ACT	87	0	0	87
GRIMES POP FUND	3,351	2,548	3,351	2,548
GRIMES BOXTOPS	0	1,531	732	799
NORTH HILL PTA	0	781	244	537
NORTH HILL ART GRANT	50	0	0	50
NORTH HILL POP FUND	869	1,241	2,110	0
SUNNYSIDE EDUCATION	87	0	0	87
SUNNYSIDE POP FUND	5,297	5,840	4,618	6,519
JAMES MADISON POP FUND	903	2,097	2,211	789
HORACE MANN WORLD CLASS	402	0	0	402
OAK STREET POP FUND	1,640	1,474	2,276	838
BHS ADAMS EX SCH	29,133	1,216	0	30,349
BHS RENAISSANCE	2,000	250	750	1,500
BHS WAGNER MEMORIAL	1,336	133	0	1,469
BHS E BEDELL MEMORIAL	1,001	26	0	1,027
BHS HABERICHTER MEMORIAL	765	37	0	802
BHS F STIEFEL MEMORIAL	779	6	0	785
BHS MINORITY SCHOLARSHIP	3,789	0	109	3,680
BHS JOHANNSEN SCHOLARSHIP	7,842	1,133	0	8,975
BHS PERRINE SCHOLARSHIP	2,578	152	0	2,730
WEHMAN SCHOLARSHIP	0	4,234	0	4,234
BHS W DUKE FIELD IMP	10,443	496	134	10,805
BHS SPECIAL ASSEMBLIES	345	0	0	345
BHS GREYHOUND GOLD	4,764	0	3,652	1,112
BHS MUSIC PATRONS	1,557	7,582	6,554	2,585
BHS HUPPENBAUER SCIENCE	9,939	675	500	10,114

BURLINGTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, EXPENDABLE TRUST ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance End of Year	Revenues	Expendi- tures	Balance End of Year
BHS COOPER IND	1,491	0	0	1,491
BHS MUSIC CLASS 56	102	0	0	102
BHS ATH TRACK MAINTENANCE	3,536	70	0	3,606
BHS ROD BELL ENRICHMENT	4,561	4,000	2,700	5,861
BHS POP FUND	1,202	5,708	4,742	2,168
Total	\$ 212,602	172,551	117,138	268,015

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 16,463,709	16,354,075	15,911,175	14,817,806	14,437,893
Tuition	756,547	751,509	724,325	629,047	400,164
Other	2,045,590	1,640,911	1,473,875	1,258,664	1,378,640
Intermediate sources	0	0	0	1,023	7,334
State sources	25,541,514	23,427,059	21,905,926	21,108,794	20,775,596
Federal sources	2,023,399	1,985,958	1,879,744	1,974,177	1,772,182
Total	<u>\$ 46,830,759</u>	<u>44,159,512</u>	<u>41,895,045</u>	<u>39,789,511</u>	<u>38,771,809</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 17,869,515	16,573,349	16,027,162	15,527,182	16,072,939
Special instruction	6,863,234	6,563,641	6,197,518	5,993,163	7,665,529
Other instruction	3,771,575	3,715,980	3,736,274	3,640,329	1,798,760
Support services:					
Student services	1,555,284	1,241,861	1,063,366	983,854	960,997
Instructional staff services	976,213	982,040	968,943	1,329,455	898,928
Administration services	4,253,989	4,158,656	3,606,556	2,960,920	2,488,485
Operation and maintenance of plant services	3,068,225	2,924,652	3,472,421	2,923,220	2,828,457
Transportation services	1,089,385	943,801	885,422	842,986	772,312
Other support services	0	0	0	0	188,782
Non-instructional programs	133,491	124,655	151,791	284,079	447,661
Other expenditures:					
Facilities acquisitions	11,456,273	3,078,934	2,763,922	4,000,995	8,400,264
Long-term debt:					
Principal	1,800,319	1,741,957	9,818,011	980,000	655,000
Interest and other charges	547,319	178,587	314,009	338,113	298,387
AEA flow-through	1,569,795	1,481,857	1,383,688	1,376,228	1,399,050
Total	<u>\$ 54,954,617</u>	<u>43,709,970</u>	<u>50,389,083</u>	<u>41,180,524</u>	<u>44,875,551</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 08	156,926
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 08	840,749 *
SUMMER FOOD PROGRAM FOR CHILDREN	10.559	FY 08	3,502
			<u>1,001,177</u>
DEPARTMENT OF TRANSPORTATION:			
IOWA DEPARTMENT OF TRANSPORTATION:			
HIGHWAY PLANNING AND CONSTRUCTION	20.205	FY 08	<u>19,971</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	882-D	43,415
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	882-G	1,093,594
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	882-GC	22,344
			<u>1,159,353</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES	84.298	FY 08	<u>8,264</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 08	<u>309,309</u>
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 08	<u>27,228</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VIA)	84.369	FY 08	<u>29,561</u>
AREA EDUCATION AGENCY:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 08	<u>85,701</u>
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 08	<u>270,628</u>
SPECIAL EDUCATION - STATE PROGRAM IMPROVEMENT GRANTS FOR CHILDREN WITH DISABILITIES(2ND CHANCE READING)	84.323	FY 08	<u>3,786</u>
TOTAL			<u>\$ 2,914,978</u>

* Includes \$71,627 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Burlington Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Burlington Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Burlington Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 9, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Burlington Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Burlington Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Burlington Community School District's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Burlington Community School District's internal control.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Burlington Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Burlington Community School District's financial statements that is more than inconsequential will not be prevented or detected by Burlington Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weaknesses, as defined above.

Compliance and Other Matters

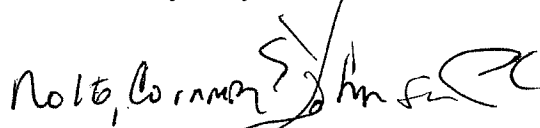
As part of obtaining reasonable assurance about whether Burlington Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Burlington Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Burlington Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Burlington Community School District and other parties to whom Burlington Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Burlington Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

January 9, 2009

NOLTE, CORNMAN & JOHNSON P.C.
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Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Burlington Community School District

Compliance

We have audited the compliance of Burlington Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Burlington Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Burlington Community School District's management. Our responsibility is to express an opinion on Burlington Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Burlington Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Burlington Community School District's compliance with those requirements.

In our opinion, Burlington Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Burlington Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Burlington Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Burlington Community School District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, which results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Burlington Community School District and other parties to whom Burlington Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

January 9, 2009

BURLINGTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over a major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Program for Children
 - Individual
 - CFDA Number 84.367 - Title IIA Federal Teacher Quality Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Burlington Community School District qualified as a low-risk auditee.

BURLINGTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-08 Board Policies - We noted during our audit the District's board policy book appears to have not been kept up to date. All board policies should be reviewed every five years and documented when approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take steps to review board policies in a more timely manner.

Response - We are in the process of updating the board policies.

Conclusion - Response accepted.

BURLINGTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

BURLINGTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Statutory Reporting

IV-A-08 Certified Budget - During the year ended June 30, 2008, District expenditures in the support services and non-instructional functions exceeded budgeted amounts.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The District strives to have as accurate a budget in each control line as possible. The District did not exceed its budget in total. Every effort will be made to ensure that each statutory budget line is sufficient to meet the actual expenditures.

Conclusion - Response accepted.

IV-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-08 Business Transactions - No business transactions between the District and District officials were noted.

IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-08 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students reported as Line 1 resident students was overstated by 14.0 students.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The proper state agencies will be notified.

Conclusion - Response accepted.

IV-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-J-08 Financial Condition - The District had a deficit undesignated fund balance of \$16,737 in the Enterprise Nutrition Fund.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficit.

Response - The District will continue to monitor this fund and investigate alternatives to eliminate the deficit.

Conclusion - Response accepted.